ANNUAL REPORT
ON THE DEVELOPMENT OF
NATURAL GAS MARKETS IN ILLINOIS

ILLINOIS COMMERCE COMMISSION

JULY 2005

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

July 1, 2005

The Honorable Rod R. Blagojevich
Governor
207 State House
Springfield, Illinois 62706

Dear Governor Blagojevich:

Enclosed is the Illinois Commerce Commission's report entitled "Annual Report on the Development of Natural Gas Markets in Illinois."

This report is submitted in compliance with Section 19-130 of the Public Utilities Act, Commission Study and Report (220 ILCS 5/19-100), the Alternative Gas Supplier Law.

Sincerely,

Edward C Hurley

Edward C. Hurley
Chairman

cc: Illinois State Library

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I. Introduction

This report fulfills the statutory requirement in Section 19-130, Commission Study and Report, of Article 19 (220 ILCS 5/19) of the Illinois Public Utilities Act ("Act"). Section 19-130 requires the Illinois Commerce Commission ("Commission") to prepare an annual report analyzing the status and development of the retail natural gas market in the State of Illinois, including data on volumes of natural gas sold to retail customers and the number of customers served by alternative gas suppliers and gas utilities. The required data is included in tables and attached as an appendix.

This report discusses the differences between traditional gas utility sales service (”sales service”) and gas transportation service (“transportation service”). Sales service is the sale and delivery of natural gas supply to retail customers at rates regulated by the Commission. The delivery component of sales service recovers the cost of distribution and storage facilities through rates that vary by customer class. The gas supply component of sales service is regulated by the Commission to ensure that customers pay only for gas that is prudently purchased, but the rate fluctuates from month to month according to utility purchases and the rate does not vary by customer class for a given utility. Transportation service allows multiple suppliers to sell competitively priced natural gas supply to retail customers. Customers that choose transportation service pay the regulated utility rates for the delivery of natural gas but pay unregulated rates for natural gas purchased from alternative suppliers. So long as the gas supply markets in the producing regions remain competitive and there is nondiscriminatory access to interstate gas pipelines at market based or federally regulated rates, then transportation service has the potential to result in lower prices, a wider array of services, and customized pricing, terms, and conditions of service for individual customers or groups of customers.

Transportation service continues to evolve from a simple tariff that removed the utility’s gas supply charge from the transportation customer’s bill, with limited or no access to utility storage assets, into a more sophisticated service that offers customers a number of alternatives to traditional utility sales service, including allocations of utility storage and flexible delivery and storage withdrawal terms. In 2004, transportation service accounted for approximately 42% of retail natural gas sales in Illinois, which is up somewhat from 2003 when transportation service accounted for approximately 41.3% of retail natural gas sales in Illinois. Most of the volume of gas for transportation service is attributable to large volume industrial and commercial customers served by nearly 80 alternative retail suppliers. As of December 31, 2004, no alternative retail gas supplier serves more than 6% of the market in 2004.

Transportation service is available to small commercial and residential customers in three utility service territories in Northern Illinois. The market for small volume customers is relatively new but continues to evolve: small customer and supplier interest in these programs is encouraging. Overall, the number of transportation customers increased slightly in 2004 by approximately 2,910, or 1.2%. The Gas Use Tax Law and other factors may have contributed to a reduction in the number of large commercial and industrial customers on transportation service.

II. Bundled Utility Sales Service vs. Unbundled Gas Transportation Service

Shippers of natural gas, including gas utilities (also referred to as Local Distribution Companies, LDCs), alternative gas suppliers, and other end-users, purchase gas supply at competitive prices from producing regions across North America and at various points along a vast network of federally-regulated interstate pipelines. Shippers must arrange for the delivery of natural gas to retail customers via interstate pipelines and state-regulated LDC distribution systems. LDCs take receipt of natural gas at points called "city gates", where their distribution systems connect with interstate pipelines. Large LDCs may connect to multiple interstate pipelines with numerous city gates on each pipeline. Small LDCs may connect to only one pipeline with fewer city gate connections. Once an LDC takes receipt of gas at a city gate, it becomes responsible for delivering that gas to retail customers connected to the LDC's system.

The Commission regulates fourteen Illinois LDCs with customer bases ranging in size from a few thousand customers to over 2 million customers. In Illinois, LDCs must offer "bundled", or sales service to all retail customers on their system. Sales service customers pay a regulated rate that includes the cost of natural gas supply, intestate pipeline services, and local distribution service. Gas costs, including the price of natural gas supply, leased interstate pipeline services required to deliver the commodity to the LDCs system and hedging costs to moderate price swings in the gas market, flow through a Purchased Gas Adjustment Clause ("PGA"). Flowing the LDC's gas costs through the PGA results in a single PGA commodity price that is charged to all customers on sales service.

The Commission performs annual PGA prudence reviews to determine whether LDCs purchased gas in a prudent manner and to reconcile the costs of delivered gas with the revenues collected from customers for that gas. The cost of prudently procured gas must equal the revenues received for that gas; otherwise, a surcharge or refund to customers is required. If an LDC's gas purchases are deemed imprudent, then the Commission disallows recovery of the imprudent costs associated with those purchases. PGA rates vary monthly to reflect the cost of gas that the LDC buys to meet the needs of sales service customers as a group.

All Illinois LDCs also offer "unbundled", or transportation, service to industrial and commercial customers as an alternative to sales service. Some Illinois LDCs offer transportation service specifically for small commercial and residential customers. Transportation service allows retail customers to purchase competitively-priced natural gas supply from alternative gas suppliers rather than price-regulated PGA gas from their LDC, and offers customers the option to buy gas under terms that more closely reflect their individual needs. Alternative retail gas suppliers arrange for the delivery of transportation gas via interstate pipelines to the city gate, or purchase supply at the city gate from wholesale suppliers. The LDC then takes receipt of that gas and delivers it to the suppliers' customers at a delivery rate that is regulated by the Commission.

The theory behind transportation service is that, unlike the delivery of gas, which requires regulation of natural monopoly infrastructure such as interstate pipelines and distribution networks, natural gas supply is competitive and thus is likely to result in lower prices and increased service offerings for transportation customers, all else equal. Since there appear to be significant economies of scale in the gas transportation and distribution system, the duplication of interstate pipelines and delivery system infrastructure is uneconomical and results in a higher cost of delivery service. Allowing multiple shippers to sell natural gas supply to retail customers is expected to result in lower prices for natural gas supply, provide a broader offering of services that reflect the varying preferences of consumers, and allow suppliers to tailor pricing, terms, and conditions of service to better meet the needs of individual customers or niche markets.

Suppliers offer a wide array of pricing options and other services to transportation customers. Offers included fixed prices, market-based prices, market-based prices with the option to lock in a fixed price, market-based prices with a ceiling and a floor, discounts off of the LDC's PGA rate, and market-based prices in conjunction with a storage hedge. Suppliers also offer discounts on gas service to customers that enroll via the Internet or telephone and discounts on other products and services.

III. History of Natural Gas Industry Restructuring in Illinois

A. ICC Advocacy of Open Access at the Federal Level

The Commission supports the development of federal policies related to wholesale competition and the restructuring of the natural gas industry. With respect to the development and improvement of competitive wholesale markets, the Commission focuses most of its attention on key proceedings at the Federal Energy Regulatory Commission (“FERC”). Starting as far back as 1983, the Commission intervened in numerous FERC proceedings to argue pro-competitive positions. The Commission consistently argues before the FERC that competitive forces, where viable, will best protect the interests of consumers. Non-discriminatory interstate pipeline transportation is the crucial link between the competitive supply market and natural gas consumers and accordingly the Commission supports policies that promote non-discriminatory access to interstate pipelines.

B. Development of Retail Competition for Large Volume Customers in Illinois

For almost two decades and continuing today, the Commission approves unbundled gas transportation tariffs filed by Illinois LDCs if the Commission finds that the tariffs are just and reasonable. These LDC tariffs, in combination with interstate pipeline tariffs approved by the FERC, create the necessary rules and structure for competitive supply markets for commercial and industrial customers. A sizable contingent of gas suppliers and marketers exists to meet the needs of retail customers that choose to transport their own gas instead of purchasing PGA gas directly from their LDC under bundled tariffs. In 2004, transportation gas accounted for approximately 3.67 billion therms or about 42 percent of all gas delivered to retail customers in Illinois. The 2004 volume of transportation therms is a decrease of about 3.4% from the 2003 level of about 3.8 billion therms. The number of 2004 customers on transportation service increased by 1.2 percent from 236,195 in 2003 to 239,105 in 2004.

The Commission's approach toward retail competition in the natural gas industry changes in order to adapt to the existing conditions in the industry, but in general the Commission is supportive of efforts to expand and improve gas transportation programs so long as such efforts are not subsidized by sales customers and so long as sales service reliability is not impaired. In the early stages of transportation service in Illinois, unbundled rate "design" amounted to deducting the PGA price from transported volumes. When transportation customers consumed LDC-supplied gas, they paid the regular PGA or bundled rate. Transportation rates are more sophisticated now as operating rules and charges reflect the standby and balancing services available to transportation customers today. The charges recoup the cost of providing the level of firm LDC service requested by the transportation customer. In addition, for customers that exceed their contracted level of firm gas service, there are various penalty charges or above-market rates that may apply. The purposes of penalty charges is to prevent large-scale imbalances beyond those that the LDC is prepared to accommodate pursuant to the terms and conditions and rates specified in the tariff and to protect against cross subsidization of transportation customers by bundled sales customers. Such penalties are often much more practical than the alternative of actually curtailing service to transportation customers whose gas supply does not reach the city gate—a clear advantage when customers number in the thousands as they do in the small volume transportation programs discussed below.

C. Small Volume Transportation Programs

An important recent development in Illinois retail natural gas markets is the introduction of small volume transportation programs, or "aggregation" programs, for small commercial and residential customers. Like large volume transportation programs, aggregation programs provide small volume customers with the opportunity to purchase competitively priced natural gas commodity from alternative retail gas suppliers as an alternative to traditional bundled utility service. Unlike large volume transportation programs, though, the cost of advanced metering that measures daily usage would render the service uneconomical for small volume customers. Instead of relying on advanced metering for measured daily usage, small volume transportation programs allow suppliers to aggregate customer load and rely on estimated daily usage of groups of customers for balancing purposes. Over the past seven years, the Commission has approved several small volume transportation pilot programs, some of which have developed into permanent programs. In December 2004, approximately 155,467 residential customers and 57,152 commercial customers were served under small volume transportation programs in Illinois.

1. Peoples Gas Light and Coke Company's and North Shore Gas Company's "Choices For You" Programs

On May 15, 1997, Peoples Gas Light and Coke Company ("Peoples") filed small volume transportation tariffs that later become known as the "Choices For You" program. These tariffs went into effect on June 29, 1997, and Peoples implemented a two-year pilot transportation program for small volume commercial customers that would expire in October 1999.

In April 1999, the Commission granted an extension of the Pilot Program through June 2000. On May 9, 2000, Peoples proposed to eliminate the termination date of the program and implement other revisions to the tariffs, such as amending the restrictions placed on the number of customers that can be aggregated into one group, increasing the number of eligible customers, making the program available to more suppliers, reducing certain fees and charges, altering the methods used to determine the scheduling of nominations and storage injections and withdrawals, modifying some of the supplier participation requirements, and amending the customer sign-up, billing and enrollment processes. On June 30, 2000, the Commission approved Peoples' filing to place into effect a permanent unbundling program for all non-residential customers with an annual consumption of less than 50,000 therms.

On May 16, 2001, Peoples filed to revise its "Choices For You" program and allow for residential customers to participate on a limited basis. On March 5, 2002, the Commission issued its Final Orders allowing Peoples and North Shore to move forward with their plans to phase in residential transportation service on a pilot basis over a period from May 1, 2002 through April 30, 2005. Table A contains the participation limits set by the Commission for residential customers.

Table A – Residential Participation Limits by Service Territory

Period	Peoples	North Shore
May 1, 2002 through April 30, 2003	98,000	18,000
May 1, 2003 through April 30, 2004	181,000	33,000
May 1, 2004 through April 30, 2005	249,000	45,000
After April 30, 2005	No Limit	No Limit

The participation limits are a function of the number of residential customers in each company's service territory. The companies were required to file participation limits, on or before October 1, 2004, for the period beyond April 30, 2005,. The companies filed a tariff with the Commission on September 22, 2004, that eliminates the participation limits on the Choices For You program after April 30, 2005. The Commission did not suspend the companies' filings and the tariff changes became effective on November 6, 2004.

2. Nicor's "Customer Select" Program

In October of 1997, the Commission approved Nicor's filing to place into effect Rider 15, Customer Select Pilot Program, Rider 16, Supplier Aggregation Service, and some proposed revisions to existing tariff sheets. The combination of these tariffs allowed Nicor to offer a pilot transportation program to small volume industrial and commercial customers that had not found service under existing transportation tariffs to be economical.

In September 1998, Nicor received Commission approval to expand the availability of the program to a total of approximately 65,000 industrial and commercial customers and 80,000 residential customers. The second year of "Customer Select" commenced on May 1, 1999, and marked the first time that residential customers in Nicor's service territory were allowed to choose their own natural gas supplier.

In September 1999, Nicor received Commission approval to expand the availability of the Customer Select program to a total of 265,000 residential customers and all commercial and industrial customers. The third year of the "Customer Select" pilot program began on May 1, 2000. On August 11, 2000, the Company filed to transform the pilot program into a permanent program available to approximately 1.9 million customers. On September 20, 2000, the Commission suspended the filing and commenced an investigation into Nicor's proposed permanent "Customer Select" program.

On July 6, 2001, the Commission issued its Final Order, allowing Nicor to move forward with a permanent "Customer Select" program. On March 1, 2002, "Customer Select" became available to all of the nearly 2 million residential, commercial, and industrial customers in Nicor's service territory.

3. Central Illinois Light Company's Small Volume Transportation Program

In 1996, Central Illinois Light Company ("CILCO") filed the first pilot residential unbundling program in the State of Illinois. Although there was some initial interest from suppliers and customers, suppliers eventually withdrew from the program. The lack of supplier interest may have been associated with high marketing costs per customer given the limited size of the program. CILCO's pilot residential unbundling program was scheduled for five years: it expired in 2001 and is no longer available.

IV. Value of Unbundled Service to Small Volume Customers

Supplier offerings differ in several ways from the PGA charges that LDCs assess to sales service customers. The PGA reflects the Company's actual cost of gas. To the extent that the Company's commodity costs fluctuate with the market, the PGA also fluctuates with the market. As mentioned in Section II above, suppliers offer a wide array of pricing options and other services to small volume transportation customers.

Program benefits depend on the prices and services offered by each supplier and the value that each customer derives from their chosen service option. For example, if a customer enters into a fixed price contract with a supplier, the customer could be better off or worse off depending on the direction that market prices follow after the fixed price contract is effectuated. Even if a customer enters into a fixed price contract and gas prices subsequently drop below the level of the fixed price, it cannot unequivocally be argued that the customer was harmed by the fixed price contract because there is a benefit, albeit a benefit that is difficult to place a dollar value on, to eliminating the uncertainty associated with the PGA charge or any other variable price.

Although there is no conclusive evidence that small volume customers receive a dollar benefit from the programs, the popularity of the programs indicates a belief by small volume customers that they derive benefits from the option to choose alternative gas suppliers. Nearly 213,000 customers participated in the programs in calendar year 2004, an overall 1.4% increase in participation. Table B shows data for Nicor's, Peoples', and North Shore's small volume transportation programs as of December 2004, December 2003, and December 2002, respectively:

Table B – Small Volume Transportation Customers by LDC

	Residential			Commercial			Total		
Program	**2002**	**2003**	**2004**	**2002**	**2003**	**2004**	**2002**	**2003**	**2004**
Nicor - Customer Select	100,632	145,072	147,933	50,741	48,864	49,575	151,373	193,936	197,508
Peoples - Choices For You	6,122	3,973	5,103	9,789	8,261	7,246	15,911	12,234	12,349
North Shore - Choices For You	1,364	2,804	2,431	301	353	331	1,665	3,157	2,762
Total	**108,118**	**151,849**	**155,467**	**60,831**	**57,478**	**57,152**	**168,949**	**209,327**	**212,619**

Although these programs are still evolving, the data nevertheless provides evidence that small volume residential and commercial customers will participate in competitive markets where aggregation tariffs are available. As mentioned above, Nicor's program has only been available on a permanent basis to all customers in Nicor's service territory since March 1, 2002. Peoples' and North Shore's small volume transportation programs became available on a pilot basis to a limited number of residential customers for the first time beginning on May 1, 2002. Because Nicor's, Peoples', and North Shore's small volume transportation programs have only been available on either a permanent or pilot basis for less than three years as of December 2004. It is premature to make an assessment on the level of competition for residential and small volume commercial customers in these service territories. However, early participation rates and supplier interest are encouraging, particularly in Nicor's service territory.

The lack of participation in Peoples' Choices For You is attributable to several factors. First, Nicor Energy L.L.C was a major supplier in Peoples' service territory. Nicor Energy L.L.C disbanded in early 2003 and is no longer in business. Nicor Energy L.L.C.'s former customers faced with taking service from one of two remaining suppliers or returning to utility sales service. Some chose to return to utility sales service. Second, the Gas Use Tax Law raised the cost of transporting gas by approximately 2.4 cents per therm. Third, only two suppliers are currently marketing to residential and small commercial customers in Peoples' service territory.

The cost of signing up new customers is greater in Peoples' service territory than in Nicor's service territory. Peoples assesses a $10 charge for signing up new customers. Nicor only charges a $10 fee when suppliers sign-up customers that have previously taken service under Customer Select. There is no charge when suppliers sign-up customers on utility sales service that have yet to participate in Customer Select.

As suppliers become more familiar with small volume markets in Northern Illinois, customers become more familiar with unbundled gas service, and small volume transportation programs are refined, the Commission expects that participation in competitive markets by small volume customers will expand. Increased supplier and customer participation, specifically, in Nicor's service territory are encouraging signs.

V. Recent Developments in Retail Natural Gas Markets

A. AmerenIP Group Balancing Service

On May 17, 2005, the Commission issued a Final Order in Docket No. 04-0476 AmerenIP's proposed General Increases in Natural Gas Rates. During the course of the proceeding, AmerenIP agreed to proposals by Commission Staff to implement a group balancing service for commercial and industrial customers in the AmerenIP service territory. The parties also agreed that the tariff should be effective for the winter of 2005. AmerenIP filed a tariff in compliance with the Commission’s Order. AmerenIP will continue to work with Staff to improve its balancing provisions in its tariffs as updates to AmerenIP’s computer system permit.

Group Balancing allows suppliers or agents representing multiple transportation customers to group together customers' accounts when nominating gas to the utility's delivery system, managing customers’ storage accounts, and balancing deliveries with usage. Group balancing is expected to reduce transaction costs associated with managing multiple transportation customer accounts and reduce the level of penalty charges assessed to transportation customers without impacting utility service.

B. Nicor Transportation Tariffs

Nicor currently has a proposed general increase in gas rates before the Commission in Docket No. 04-0779. As part of its filing, Nicor proposes major changes to its gas transportation tariffs for all commercial and industrial customers. Various parties in the case propose major changes to the small volume transportation program. Because the case is active before the Commission the Commission cannot discuss the merits of the proposed changes at this time.

C. Alternative Retail Gas Supplier Offers to Small Customers

In Docket No. 03-0592, the Citizens Utility Board ("CUB") filed a complaint with the Commission alleging certain violations of the law with respect to disclosure of terms and conditions and other aspects of Peoples Energy Services' supplier offer to residential transportation customers. The Commission ruled in favor of CUB's complaint on a number of issues, but the case is currently under appeal.

The Commission cannot discuss the details of the issues in this case because the case remains under appeal, but in general the Commission has authority, per Section 19-130 of the Act, over the disclosure of terms and conditions that alternative retail gas suppliers include in their supplier offers to retail customers. The Commission is not aware of pervasive violations of the disclosure requirements amongst Alternative Retail Gas Suppliers ("ARGS"), and the vast majority of ARGS who intend to provide long-term service are likely to comply with the disclosure requirements, but the Commission is aware of sporadic instances in which allegations of violations are leveled against ARGS. The most notable recent example is the Attorney General's suit filed on April 26, 2005, in Cook County Circuit Court against Illinois Natural Gas Corporation. The lawsuit charges Illinois Natural Gas Savings Corporation, doing business as Illinois Natural Gas Corporation, with violating the Illinois Consumer Fraud and Deceptive Business Practices Act and other laws intended to protect consumers.

VI. 2004 Calendar Year Data, Summary and Conclusions

Section 19-130, Commission Study and Report, of Article 19 (220 ILCS 5/19) of the Act requires this report to include the following data:

> (1) the aggregate annual demand of retail natural gas customers in the State of Illinois in the preceding calendar year;
>
> (2) the total annual therms delivered and sold to retail customers in the State of Illinois by each gas utility and each alternative gas supplier in the preceding calendar year;

(3) the percentage of therms delivered and sold to customers in the State of Illinois in the preceding calendar year by each gas utility and each alternative gas supplier;

(4) the total number of customers in the State of Illinois served in the preceding calendar year by each gas utility and each alternative gas supplier;

Appendix A and Appendix B attached to this document provide the data required in Section 19-130. Appendix A sets forth gas utility market data and rankings, and total supplier market data. Appendix B sets forth total supplier market data and rankings. Most transportation customers have a designated agent that acts as a liaison between the utility and the transportation customer. This agent may be an alternative gas supplier as defined in Section 19-105 of the Act, or the agent may be a consultant that arranges for an alternative gas supplier to deliver gas to the city gate on behalf of one or more transportation customers. The latter never takes title to the gas and, therefore, does not offer gas for sale, lease, or in exchange for other value received to one or more customers or engage in the furnishing of gas to one or more customers. Rather, the entity essentially acts as a gas-purchasing consultant. This year, utilities better differentiated between actual alternative gas suppliers as defined in Section 19-105 and agents that represented customers but never took title to gas delivered to the utilities' systems.

The aggregate annual demand of Illinois retail natural gas customers in 2004 was approximately 8.7 billion therms. More than 239,000 transportation customers purchased 42% of the total gas sold to Illinois retail customers from nearly 80 alternative retail gas suppliers. The remaining 58% was delivered by Illinois LDCs and sold at regulated PGA rates to almost 3.8 million Illinois retail natural gas customers. The greatest market share among alternative gas suppliers was 5.69% of the total volumes delivered to both transportation and sales service customers. No other alternative gas supplier had greater than a 5% market share in 2004. The number of participating suppliers and low supplier market shares reflect a significant level of statewide retail competition, especially for large volume customers, which account for the majority of transportation volumes in Illinois.

Section 19-130 requires that market share data, based on the total number of therms delivered and sold to all retail customers in Illinois (sales service and transportation), be included in this report. **Data measuring each supplier's market share of the transportation market only**, rather than the entire Illinois retail market, provides a different perspective on the level of competition by focusing on competition between alternative gas suppliers rather than the broader measure of total deliveries that includes both utility bundled sales and alternative gas supplier sales. Table C shows the 2004 top ten suppliers' market share of transportation volumes in 2004, market share of transportation volumes in 2003, and their 2003 market share ranking. A comparison of 2004 and 2003 numbers shows some change in the total share of the top ten producers. The top ten suppliers served

63.5% of the transportation market in 2004. In 2003, the top ten suppliers served 50.7% of the market. Overall, the level of market concentration remained low in 2004 reflecting a market where a significant level of competition exists.

Table C - Market Shares and Rank of 2004 Top Ten Suppliers in 2003

Top Ten Suppliers in 2004	Rank of 2004 Top Ten Suppliers in 2003	Market Share of Transportation Volumes in 2004	Market Share of Transportation Volumes in 2003
1	1	13.8%	11.3%
2	2	11.4%	9.4%
3	4	8.2%	5.3%
4	3	7.6%	8.3%
5	5	5.8%	4.7%
6	14	5.7%	1.9%
7	8	2.9%	3.2%
8	10	2.8%	2.8%
9	9	2.7%	3.2%
10	34	2.6%	0.6%

With more residential customers eligible for transportation service and more suppliers targeting Illinois markets, the number of customers taking transportation service continues to rise. Large volume commercial and industrial customers may re-enter the market as new suppliers fill the void left by the exit of Nicor Energy L.L.C., the impact of the Gas Use Tax Law is fully realized, and economic conditions make transportation service more attractive.

Appendix A

Gas Utility Market Data & Rankings, and Total Supplier Market Data				
Utility	**Rank**	**2004 Volumes - Therms**	**2004 Customers**	**2004 Total Market Share Volumes**
Nicor Gas Company	1	2,554,621,630	1,901,162	29.21%
Peoples Gas	2	1,142,703,080	786,263	13.07%
AmerenIP	3	509,178,132	431,494	5.82%
AmerenCILCO	4	290,067,461	209,510	3.32%
North Shore	5	239,622,250	149,935	2.74%
AmerenCIPS	6	178,159,130	191,394	2.04%
MidAmerican Energy Company	7	76,266,190	62,589	0.87%
Atmos - United Cities	8	23,911,840	23,213	0.27%
AmerenUE	9	20,807,663	18,350	0.24%
Illinois Gas Company	10	11,577,874	10,100	0.13%
South Beloit Gas Water & Electric	11	8,996,097	7,459	0.10%
Interstate Power and Light	12	6,940,490	5,521	0.08%
Consumers Gas Company	13	6,198,060	5,810	0.07%
Mt. Carmel Public Utility Co.	14	3,707,352	3,682	0.04%
Total Utility		5,072,757,249	3,806,482	58.01%
Total Supplier		3,671,719,825	239,106	41.99%
Total		8,744,477,074	4,045,588	100.00%

Appendix B

Supplier Market Data & Rankings					
Supplier	**Rank**	**2004 Volumes-Therms**	**2004 Customers**	**2004 Total Market Share Volumes**	**2004 Transportation Only Market Share Volumes**
1	1	497,728,698	24,406	5.69%	13.56%
Transport w/out Agent		417,712,333	27	4.78%	11.38%
2	2	408,412,246	205	4.67%	11.12%
3	3	294,899,847	1,316	3.37%	8.03%
4	4	275,463,218	5,871	3.15%	7.50%
5	5	208,435,407	91,201	2.38%	5.68%
6	6	207,148,686	3,412	2.37%	5.64%
7	7	104,999,058	770	1.20%	2.86%
8	8	100,289,802	1,046	1.15%	2.73%
9	9	96,368,469	27,042	1.10%	2.62%
10	10	95,514,868	5	1.09%	2.60%
11	11	88,236,610	511	1.01%	2.40%
12	12	59,564,310	1,102	0.68%	1.62%
13	13	59,029,886	1	0.68%	1.61%
14	14	58,241,149	35,192	0.67%	1.59%
15	15	49,103,557	312	0.56%	1.34%
21	21	46,566,501	278	0.53%	1.27%
16	16	46,213,779	354	0.53%	1.26%
17	17	43,784,949	889	0.50%	1.19%
18	18	42,038,466	46	0.48%	1.14%
19	19	41,881,922	171	0.48%	1.14%
20	20	38,653,144	21	0.44%	1.05%
21	21	33,037,717	15	0.38%	0.90%
22	22	31,042,104	11	0.35%	0.85%
23	23	30,373,916	575	0.35%	0.83%
24	24	30,318,132	82	0.35%	0.83%
25	25	26,202,549	6	0.30%	0.71%
26	26	24,890,037	49	0.28%	0.68%
27	27	24,340,778	1,211	0.28%	0.66%
28	28	23,475,472	9	0.27%	0.64%
29	29	10,424,608	2	0.12%	0.28%
30	30	9,618,983	16,518	0.11%	0.26%
31	31	9,499,361	59	0.11%	0.26%
32	32	9,330,999	15,718	0.11%	0.25%
33	33	9,237,632	231	0.11%	0.25%
34	34	9,018,331	1	0.10%	0.25%
35	35	8,713,043	24	0.10%	0.24%
36	36	7,875,488	1	0.09%	0.21%
37	37	7,832,804	12	0.09%	0.21%
38	38	7,460,283	173	0.09%	0.20%
39	39	6,386,864	309	0.07%	0.17%
40	40	5,340,985	0	0.06%	0.15%
41	41	5,295,936	200	0.06%	0.14%
42	42	4,845,833	2,682	0.06%	0.13%
43	43	4,616,519	9	0.05%	0.13%
44	44	4,225,023	0	0.05%	0.12%
45	45	4,192,469	3	0.05%	0.11%
46	46	3,629,283	3	0.04%	0.10%
47	47	3,003,400	6,408	0.03%	0.08%
48	48	2,915,472	7	0.03%	0.08%
49	49	2,821,450	2	0.03%	0.08%

Appendix B

Supplier Market Data & Rankings					
Supplier	**Rank**	**2004 Volumes-Therms**	**2004 Customers**	**2004 Total Market Share Volumes**	**2004 Transportation Only Market Share Volumes**
50	50	2,710,899	4	0.03%	0.07%
51	51	2,434,276	26	0.03%	0.07%
52	52	2,314,978	1	0.03%	0.06%
53	53	2,230,837	1	0.03%	0.06%
54	54	2,084,661	1	0.02%	0.06%
55	55	2,052,223	1	0.02%	0.06%
56	56	1,955,052	466	0.02%	0.05%
57	57	1,815,132	5	0.02%	0.05%
58	58	1,706,871	23	0.02%	0.05%
59	59	1,394,459	1	0.02%	0.04%
60	60	1,193,295	1	0.01%	0.03%
61	61	1,108,233	1	0.01%	0.03%
62	62	1,084,878	0	0.01%	0.03%
63	63	864,861	1	0.01%	0.02%
64	64	817,251	2	0.01%	0.02%
65	65	816,802	0	0.01%	0.02%
66	66	776,921	1	0.01%	0.02%
67	67	713,377	31	0.01%	0.02%
68	68	712,975	1	0.01%	0.02%
69	69	659,795	1	0.01%	0.02%
70	70	597,307	1	0.01%	0.02%
71	71	492,980	1	0.01%	0.01%
72	72	462,470	1	0.01%	0.01%
73	73	214,517	1	0.00%	0.01%
74	74	209,296	5	0.00%	0.01%
75	75	39,239	31	0.00%	0.00%
76	76	3,864	0	0.00%	0.00%
Total Supplier		3,671,719,825	239,106	41.99%	100.00%